Lexaria Bioscience announces R&D agreement with British American Tobacco

Kelowna, British Columbia– August 31, 2020 – Lexaria Bioscience Corp. (OTCQX: LXRP) (CSE: LXX) (the "Company" or "Lexaria"), a global innovator in drug delivery platforms, announces that it has entered a research and development ("R&D") framework agreement with British American Tobacco (Investments) Limited ("BAT") to investigate Lexaria's technology for potential use in nicotine products.

R&D work under the Agreement will be paid for by BAT.

"Lexaria is pleased to work with British American Tobacco on these research and development activities," said Chris Bunka, Chief Executive Officer of Lexaria, who is also responsible for the accuracy of this news release.

The Agreement does not contemplate development of oral nicotine consumer products in North America, given Lexaria's existing North American relationship with a leading United States-based tobacco company. The Agreement is expected to be completed within six months, though provisions exist to extend the Agreement if required.

About BAT

British American Tobacco is a leading, multi-category consumer goods business, established in 1902. BAT's purpose is to build A Better Tomorrow by reducing the health impact of its business through offering a greater choice of enjoyable and less risky products for its consumers. British American Tobacco is one of the largest tobacco companies in the world with products sold in over 11 million locations across more than 180 countries.

About Lexaria

Lexaria Bioscience Corp.'s (OTCQX: LXRP, CSE: LXX) proprietary drug delivery technology, DehydraTECH™, improves the way active pharmaceutical ingredients (APIs) enter the bloodstream by promoting healthier ingestion methods and increasing the effectiveness of fat-soluble active molecules, thereby lowering overall dosing. The Company's technology can be applied to many different ingestible product formats, including foods, beverages, oral suspensions, tablets, and capsules. DehydraTECH increases bio-absorption by up to 5-10x, reduces time of onset from 1 - 2 hours to 10 - 20 minutes, and masks unwanted tastes for orally administered bioactive molecules, including anti-virals, cannabinoids, vitamins, non-steroidal anti-inflammatory drugs (NSAIDs), nicotine, and other molecules. Lexaria has licensed DehydraTECH to multiple companies including a world-leading tobacco producer for the development of smokeless, oral-based nicotine products and for use in industries that produce cannabinoid beverages, edibles, and oral products. Lexaria operates a licensed in-house research laboratory and holds a robust intellectual property portfolio with 16 patents granted and over 60 patents pending worldwide. For more information, please visit www.lexariabioscience.com.

FORWARD-LOOKING STATEMENTS

This release includes forward-looking statements. Statements as such term is defined under applicable securities laws. These statements may be identified by words such as "anticipate," "if," "believe," "plan," "estimate," "expect," "intend," "may," "could," "should," "will," and other similar expressions. Such forward-looking statements in this press release include, but are not limited to, statements by the company relating to the conclusions reached from the company's Collaborative Research Proposal and the ultimate suitability of DehydraTECH to deliver nicotine through oral methods. Such forward-looking statements are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that the Company will actually achieve the plans, intentions, or expectations disclosed in these forward-looking statements. As such, you should not place undue reliance on these forward-looking statements. Factors which could cause actual results to differ materially from those estimated by the Company include, but are not limited to, government regulation and regulatory approvals, managing and maintaining growth, the effect of adverse publicity, litigation, competition, scientific discovery, the patent application and approval process, the inherent uncertainties in the initiation, ongoing assessment and completion of preclinical and clinical studies, whether interim results from a clinical study will be predictive of the final results of the study or the results of future studies, the risk that trials and studies may be delayed and may not have satisfactory outcomes, potential adverse effects arising from the testing or use of products utilizing the DehydraTECH technology, the Company's ability to maintain existing collaborations and realize the benefits thereof, and other factors which may be identified from time to time in the Company's public announcements and periodic filings with the US Securities and Exchange Commission on EDGAR. There is no assurance that existing capital is sufficient for the Company's needs or that it will be able to raise additional capital. There is no assurance the Company will be capable of developing, marketing, licensing, or selling edible products containing any active ingredient. There is no assurance that any planned corporate activity, scientific research or study, business venture, letter of intent, technology licensing pursuit, patent application or allowance, consumer study, or any initiative will be pursued, or if pursued, will be successful. There is no assurance that any of Lexaria's postulated uses, benefits, or advantages for the patented and patent-pending technology will in fact be realized in any manner or in any part. No statement herein has been evaluated by the Food and Drug Administration (FDA). Lexaria-associated products are not intended to diagnose, treat, cure or prevent any disease.

Any forward-looking statements contained in this release speak only as of the date hereof, and the Company expressly disclaims any obligation to update any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise, except as otherwise required by law.

The CSE has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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